

Stacey Schesser
Supervising Deputy Attorney General
California Department of Justice
455 Golden Gate Ave., Ste. 11000
San Francisco, CA 94102

September 16, 2019

Dear Ms. Schesser:

Thank you for submitting the standardized regulatory impact assessment (SRIA) and summary (Form DF-131) for the California Consumer Privacy Act proposed regulations, as required in California Code of Regulations, title 1, section 200(a)(1) for major regulations.

The SRIA assumes that the proposed regulations are limited to the minimum systemic requirements for notification of data collection and data removal mechanisms by businesses, potentially affecting more than half a million California businesses and the information of 35 million internet users with a value of at least several billion. Depending on the size of the firm, the cost of compliance can range from a one-time cost of \$50,000 to over \$2 million for larger firms with business models that heavily exploit personal data. The SRIA estimates that the initial cost of compliance may be up to \$55 billion. However, given that many of the larger California firms affected are competitive worldwide and may have had to comply with the EU data regulations, the change in their business models and profits may be smaller. The value of a person's data is more difficult to estimate, as a detailed picture can be much more valuable once assembled from individual pieces that firms collect. The SRIA estimates that this may total up to \$10 billion each year for the sensitive personal information of California internet users.

In general, Finance concurs with the methodology used to estimate impacts of proposed regulations. The SRIA clearly lays out for the public the proposed regulatory impacts, and does a good job of showing how this proposed regulation may change how individuals and businesses interact in California. However, the SRIA does not address the longer-term benefits to competition, the ability of consumers to refuse increasingly targeted price discrimination, and an economic system that relies on people being able to reinvent themselves, as these are difficult to quantify. In addition, the impacts of privacy protections will depend on changing consumer awareness and preferences, and we expect that these will be addressed in impact assessments of future regulatory packages.

These comments are intended to provide sufficient guidance outlining revisions to the impact assessment if a SRIA is required. The SRIA, a summary of Finance's comments, and any responses must be included in the rulemaking file that is available for public comment. Finance understands that the proposed regulations may change during the rulemaking process. If any

significant changes to the proposed regulations result in economic impacts not discussed in the SRIA, please note that the revised economic impacts must be reflected on the Standard Form 399 for the rulemaking file submittal to the Office of Administrative Law. Please let us know if you have any questions regarding our comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Irena Asmundson", with a stylized flourish at the end.

Irena Asmundson
Chief Economist

cc: Mr. Lenny Mendonca, Director, Governor's Office of Business and Economic Development
Mr. Kenneth Pogue, Director, Office of Administrative Law
Mr. Sean McCluskie, Chief Deputy, California Department of Justice